

# ENSURING FOOD SAFETY IN MONGOLIA BY INSTITUTIONALIZING PRE-IMPORT INSPECTION SYSTEM







Open Society Forum

## POLICY FELLOWSHIP PROGRAM

# ENSURING FOOD SAFETY IN MONGOLIA BY INSTITUTIONALIZING PRE-IMPORT INSPECTION SYSTEM

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Policy analysis report

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## **ENSURING FOOD SAFETY IN MONGOLIA BY INSTITUTIONALIZING PRE-IMPORT INSPECTION SYSTEM**



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## ► LIST OF ACRONYMS

|              |   |
|--------------|---|
| <b>PM</b>    | Parliament of Mongolia                            |
| <b>MFA</b>   | Ministry of Food and Agriculture                  |
| <b>SPIA</b>  | State Professional Inspection Agency              |
| <b>MOH</b>   | Ministry of Health                                |
| <b>MNE</b>   | Ministry of Nature and Environment                |
| <b>WHO</b>   | World Health Organization                         |
| <b>BPID</b>  | Border Professional Inspection Department         |
| <b>NCSM</b>  | National Center for Standardization and Metrology |
| <b>NCHD</b>  | National Center for Health Development            |
| <b>IPH</b>   | Institute of Public Health                        |
| <b>NSO</b>   | National Statistical Office                       |
| <b>UCRA</b>  | Unfair Competition Regulatory Authority           |
| <b>GCO</b>   | General Customs Office                            |
| <b>CFIA</b>  | Canadian Food Inspection Agency                   |
| <b>EFSA</b>  | European Food Safety Authority                    |
| <b>FAO</b>   | United Nation's Food and Agriculture Organization |
| <b>FDA</b>   | Food and Drug Administration (USA)                |
| <b>IFPRI</b> | International Food Policy Research Institute      |
| <b>GMP</b>   | Good Manufacturing Practice                       |
| <b>GAP</b>   | Good Agricultural Practice                        |
| <b>HACCP</b> | Hazard Analysis and Critical Control Points       |

## ► EXECUTIVE SUMMARY

Effectively ensuring uninterrupted supply of safe and good-quality food is one of critical issues for Mongolia, which imports 70 percent of total food consumed. Concept of the *National Security Mongolia* in its Article 9 titled “Security of Mongolian people and its genetic fund” cites food import as one of the important areas that may pose potential hazard for the national security and calls for effective policy and procedures to ensure quality and safety:

*import of food, chemicals and consumables with potentially negative impact on the health and genetic fund of the Mongolians resulting from an ineffective foreign trade policy and inadequate control over quality of imported food*

This statement looks at the food import issue from a very sensible point of its potential long-term impact on the population health and asserts that effective monitoring system can secure food quality and safety.

Currently, Mongolia imports most of its daily food items<sup>1</sup> (meat, meat products, oil, etc), which make it possible to claim that Mongolia is facing a real risk of becoming **dependent** on other countries for its food supply. In this context, weak coordination between different elements of a food safety monitoring system, lack of a comprehensive registration systems, failure to systematically collect information about origins of imported food items and failure to impose proper labeling standards, may threaten quality of food and its secure supply due to systemic incompetence.

Mongolia does not have a law which guides the entire process and all procedures of food import. Numerous provisions relevant to food safety are included in different laws, but they are largely ill-coordinated. Moreover,

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<sup>1</sup> Referred to as ‘food items of strategic importance’

in the absence of a single government agency in charge, food safety and security has become an inter-ministerial issue (MFA, MOH and SPIA) - often of secondary importance - and roles of some relevant state players, such as Ministry of Industry and Commerce and NCSM, are still to be defined.

Mongolia's food supply has improved in the last decade as a result of global trade facilitation efforts and extremely favorable import tax policies. However, most food-related discussions focus on supply networks and volumes and leave out food quality and nutrition. This exclusive focus on food supply is justified as being preconditioned by low purchasing capacity of the population. However, increasing rates of food-borne diseases in Mongolia demands for immediate and equal attention to food quality and nutrition policies. There are reasons to suspect that low-quality and contaminated food may be a major factor contributing to health deterioration, although there is no evidence that links low quality of imported food to people's health due to absence of any analytical data in this area. In addition to initial low quality of food that comes from abroad, anecdotal evidence also link inferior quality of food to substandard storage and transportation conditions, limited capacity and availability of transportation network.

In Mongolia, most food import is performed by small businesses and individual travelers, which makes creation and maintenance of an efficient food safety monitoring system a daunting task. In many other countries, individual travelers are not allowed to bring into the country food items intended for further retail sale. In order to safeguard public health and food safety, Mongolia needs to impose disincentives for individuals to engage in food import. Instead, economic incentives, including tax deductions, should be put in place to encourage middle- and large businesses to engage in contract-based food import. Under this scenario, the Government will continue setting and enforcing food standards, implementing food inspection and providing public information. Some people fear that large companies may establish monopoly over certain products (for example, grain and flour) creating conditions for unfair competition and deliberate inflation and severely affecting food supply and availability. Therefore, Mongolia with its relatively small population should encourage the market oligopoly<sup>2</sup> by supporting

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<sup>2</sup> The situation when several companies are producing/supplying any one product. See, for example, <http://www.basiceconomics.info/oligopoly-market-structure.php>



multiplicity of suppliers of any given food item, thus, limiting opportunities for monopoly and unfair competition.

Currently, Mongolia uses border control system, which is based on the inspection being performed at border checkpoints once the imported items had left the exporting country and is ready to enter Mongolia. Among many weaknesses of this system are time limitation preventing thorough and systematic inspection; overall susceptibility to corruption and excessive bureaucracy. As a result, many people agree that this system cannot effectively prevent substandard products from entering the country and that it may violate principle of international trade promotion due to extreme subjectivity of the inspection procedures.

In contrast, a pre-import inspection system already utilized by many countries, including Russia and China, is a better-suited system that has greater potential of ensuring good quality of imported food thanks to its contract-based nature binding the importing and exporting parties. This way, Mongolia will be able to improve its food import system, which was created at the times of economic transitional shock of early 1990s and was largely focused on preventing food supply deficit.

Because pre-import inspection system gives plenty of time to the government agencies-in-charge before the imported items cross the national border, it will help create coordination between different elements of the inspection and customs, and facilitate information collection for creating a shared database. This system also allows better access to technical resources and capacities of the neighboring countries and other countries in the region by, for example, allowing out-of-country laboratory testing provided that food standards are aligned.

Under the pre-import food inspection system, food export and import contract will become a necessary pre-requisite for initiating any import process. The contract assigns equal responsibility to both the Mongolian importing party and foreign exporting party, holding them responsible for all stages of food production/ supply and import, including known origin of the food, safe transportation to the border, over the border and within Mongolia until the food reaches shop shelves. Mongolia could benefit from adopting food standards that are aligned with that of neighboring countries and agree to authorize standard-conformity licenses issued by trusted laboratories in Russia and China. Since the standards are aligned, a next logical step will be

to acquire laboratory equipment along with initiating discussion about use of regional and international financial support for this purpose. Neighboring countries can also become a major source of internal capacity building to help overcome limited technical and human resources through mid- and long-term training courses, experience sharing and direct support in crucial areas, such as creation of a registration system.

Along with building capacities of Mongolian professional communities and creating capable systems, equally important for effective monitoring and inspection is the openness of the system and collaboration with non-governmental and public organizations.

## ► RESEARCH DESIGN AND OBJECTIVES

This research will analyze the entire food import process in Mongolia with a special focus on its ‘weakest’ link – safety and quality inspection stage. The researcher believes that Mongolia, which imports 70 percent of its food supply, should have a system of food inspection that effectively holds accountable all involved trading parties to better secure safety and quality of imported food. This research will compare the current food inspection system of Mongolia with more effective models from other countries to be able to answer the question of how to improve quality and safety of food import in Mongolia.

To answer this question, the researcher will:

- Analyze legal documents that govern food import process;
- Analyze and compare elements of border control system and pre-import inspection and monitoring system used in different countries;
- Identify limitations of the current border control system and analyze if pre-import inspection is capable of correcting these shortcomings;
- Formulate recommendations targeting policy makers about possible measure that will help improve the current system

## ► METHODOLOGY

This research used the following data collection methods:

- Content analysis of relevant laws and regulations, and review of existing reports;
- Observation of food import process and interviews with stakeholders in the border zones to be able to analyze the law implementation;
- Focus groups and group interviews with key stakeholders to elicit different opinion, views and experiences;
- Numerous individual interviews to with stakeholders, policy making community and implementing agents to solicit help and support in formulating the conclusions and recommendations.

**Content analysis** covers over 10 food monitoring policy documents elaborated by EFSA, FAO, FDA, CFIA, IFPRI and other organizations. Also, Mongolian legal regulations, including the *Law on Food, National Security Principles of Mongolia, Law on Health, Law on Customs, Law on Animal and Plant Inspection and Quarantine, National Program on Food Supply and Safety* and related international conventions and principles were analyzed. World Bank reports and bulletins and international policy research reports have informed this report and analysis.

**Observations and interviews in border zone:** Altanbulag and Zamiin-Uud, two border zones that accommodate majority of food import from Russia and China respectively, were visited during this research. Interviews with inspectors of the SPIA, traders engaged in food import and observation of food sale in the Chinese border town of Erlian were performed.

***Focus group interviews:*** five multiple-stakeholder and professionals-only focus groups were constructed, each consisting of 6 to 8 people. Groups included members of the Mongolian Parliament, food safety policy makers, government officials, researchers and inspectors of the SPIA.

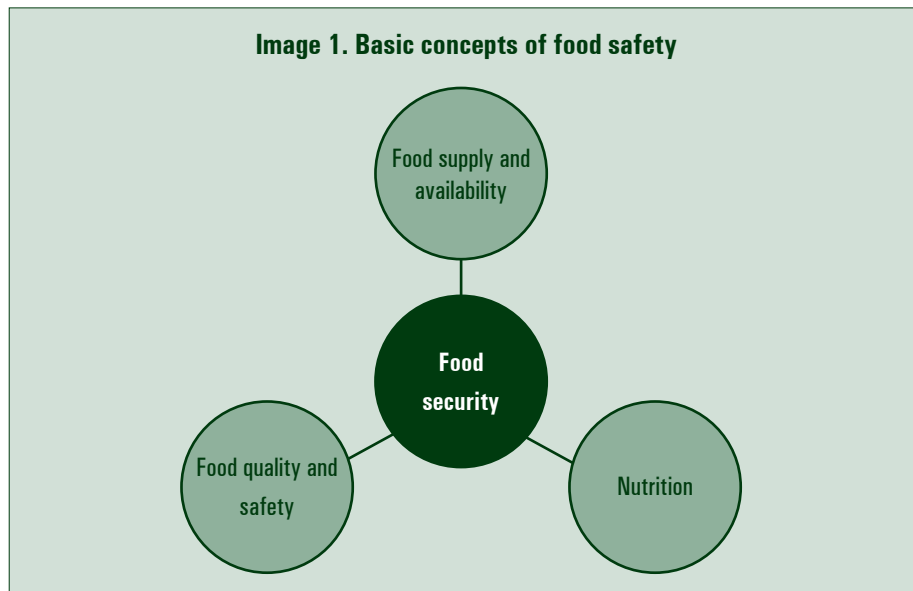
***Individual interviews:*** 15 semi-structured and unstructured interviews were conducted at the beginning of the analysis to better focus the research questions and also at the end of the research to review and elaborate policy recommendations. Interviews involved one-to-one interaction with food safety policy makers, government officials, experts and other stakeholders.

## 1. CURRENT UNDERSTANDING AND IMPLEMENTATION OF FOOD SAFETY

### 1.1. What is the food safety?

According to WHO, FAO and international research institutes, **food safety** encompasses three inter-related concepts: food supply and availability<sup>3</sup>, food quality and safety<sup>4</sup>, and food nutritional factor.

International organizations<sup>5</sup> recommend including all three concepts when food consumption and public health issues are being analyzed. Because food security is an important part of the national security and population policies, countries attach topmost priority to ensuring food safety and regularly assess their situation.



<sup>3</sup> Often referred to as food security

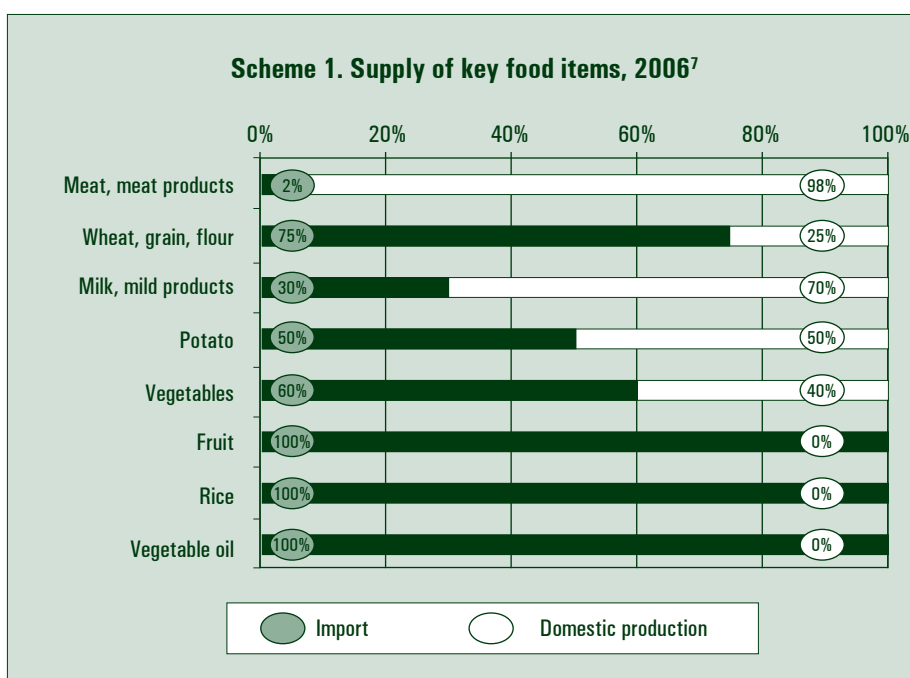
<sup>4</sup> Often referred to as food safety

<sup>5</sup> FAO <http://www.fao.org/publishing/>. See also International Food Policy Research Institute [http://www.ifpri.org/pubs/pubs\\_menu.asp](http://www.ifpri.org/pubs/pubs_menu.asp)

## 1.2. Food safety situation in Mongolia

### 1.2.1. Food supply and availability

Food supply and availability refers to country-wide uninterrupted provision of strategic food items (such as meat, milk, vegetables, and fruits) and may concern amounts and scales of domestic production versus their import. For example, a country is said to be dependent on food import if 30-50 percent of total consumption of a single food item is imported (some researchers even drop this threshold line down to 20 percent). In case of Mongolia, wheat flour, rice, potato and other vegetables, all fruit and even most of salt is imported. The only daily-consumption food item excluded from this list is meat. This shows that Mongolia's *food supply has become dependent on import and therefore, its national food security is not guaranteed*.<sup>6</sup>



<sup>6</sup> According to Herfindahl-Herschmann index (dependence rank) used to determine food supply situation, Mongolia will be classified as totally and significantly dependent in 8 main products widely consumed in the country.

<sup>7</sup> Report of MFA 2006.

The fact that Mongolia is only able to meet its food needs through combination of domestic production and large amounts of food import presents just one side of the problem. The other side of the coin is food availability as a factor of population's purchasing capacity. In other words, sufficient amount of food supply does not always translate into food being equally and sufficiently available to all people. Food safety experts are concerned that **about 30 percent** of Mongolia population (**750-800 thousands people<sup>8</sup>**) are living in hunger or malnutrition because of poverty.

Along with the failure to measurably reduce poverty in Mongolia, food price in Mongolia has an observed tendency to increase at a rate higher than average household expenditure increase (See Table 1). Rapid increase of food price has caused substantial burden on households, negatively affecting food availability in general terms.

**Table 1. Average monthly household income and expenditure in Mongolia**

|                                  |        | <i>(Mongolian tugrugs)</i> |              |
|----------------------------------|--------|----------------------------|--------------|
| Household income and expenditure | 2002   | 2006                       | 2006:2002, % |
| Total: Income                    | 156159 | 200179                     | 128,2        |
| Privately grown food             | 24801  | 22420                      | 90,4         |
| Total: Expenditure               | 163654 | 228172                     | 139,4        |
| Food expenditure                 | 52204  | 69293                      | 132,7        |

Source: NSD, National Statistical Office of Mongolia, Statistical Yearbooks 2002 and 2006.

Policies of the Mongolian government aimed at increasing salaries and scaling-up social assistance programs have increased money supply, which triggered rapid inflation and food price increase. In 2006, animal husbandry sector was able to supply 210.0 thousands tons of meat - a volume sufficient to meet the total domestic need. But lack of storage spaces and underdeveloped delivery/ transportation networks prevented effective supply; as a result,

<sup>8</sup> MH, UNICEF. State of children and women nutrition in Mongolia



urban areas felt limited availability of meat and nationwide price variations of meat reached 50 percent<sup>9</sup> further increasing inflation rates. Wheat for flour production is predominantly supplied (70-80%) by import from Russia, Kazakhstan and China, while domestically produced wheat is mostly used for alcohol production. Monopoly of a handful of large businesses in wheat and flour import sector undermines fair competition and contributes to uncontrolled increase of prices worsening food availability/ affordability situation. This year alone we have seen flour prices go up by 50-80 percent while the global market prices went up by 25-40 percent only.

### *1.2.2. Food safety*

Food safety refers to requirements of food items be free of pathogenic micro-organisms and chemical residues harmful for human health. Mongolia does not have a well-functioning system of controlling and monitoring food quality from its point of production through transportation, storage and sale stages all the way to the end consumers. This failure to guarantee food safety and quality is increasingly believed to be contributing to growing rates of food-born diseases, including cancer. However, no specific research has been conducted to test a hypothesis that links increased diseases to quality of imported food.

Milk and meat are typical items of commonly consumption in the diet of almost all Mongolians. Nevertheless, only about 5 percent of meat, and 2.3 percent of milk (out of total 7.1 million liters consumed) are industrially processed, while the remaining majority of these consumables is supplied by unregulated network of individual mobile retailers. It is highly concerning that general conditions of door-to-door individual trade and underdeveloped infrastructure of this kind of business may not permit adherence to strict safety and quality standards for storage and transportation of such perishable products. It is estimated that over 30 percent of infectious diseases<sup>10</sup> in the country are diarrheal and intoxication diseases mainly caused by food contamination, and bad environmental and sanitation conditions.

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<sup>10</sup> MOH (2006). National Health Indicators

**Table 2. National Health Indicators, MOH (2006)**

| <b>Disease</b>               | <b>Per 10.000 population</b> | <b>Comments</b>  |
|------------------------------|------------------------------|--|
| Diseases of digestive system | 729.63                       | These indicators doubled between 1996 and 2006 and increased by 35-50% between 2000 and 2006 |
| Cardio-vascular disease      | 501.84                       |  |

This research indicates that infections caused by food-borne bacterial contamination increased by 11.2 percent between 2003 and 2005. In 1999-2000, along with increased cancer rates, liver cancer became more numerous, which in turn can be explained as an impact of low quality and contaminated food. These facts and assumptions make it possible to conclude that Mongolia's food safety and quality control system is dysfunctional to such a degree that it cannot guarantee that Mongolian people are protected against food-borne diseases and other infections caused by chemical and bacterial contamination of food.

### 1.2.3. Nutrition

Public health specialists and nutritionists agree that consumption of low-nutrition food affects overall population health and weakens human immune system making people vulnerable to infections and affecting adolescents' growth. Many developing countries have special programs aimed at preventing malnutrition among children, such as *School Lunch* and *School Meal* programs.

Many Mongolian researchers interpret recent rapid increase of cancer, allergy, and arthritis as an impact of malnutrition. Mongolian diet is characterized by dominant use of meat and flour, and limited use of vegetables and fruit rich in vitamins and minerals. Vitamin and mineral deficiency leads to increasing rates of digestive and cardio-vascular diseases, osteoporosis, premature ageing, and other health problems among the population. Public Health Institute has recently estimated that an average Mongolian consumes about 2200

kkal per day which is below an internationally recommended level<sup>11</sup>. What is more, average Mongolian does not receive well-balanced and nutritional diet because his/her average diet is made of 88.6-105.4 grams of protein, 77.6-90.1 grams of fat, 213.8-290.7 grams of carbohydrates. Additionally, a low-income family member typically consumes only 58.1-68.5 percent of daily nutrition.

One of the important Millennium Development goals is reduction of malnutrition among children under five, and Mongolia has subscribed to this important goal. According to Public Health Institute<sup>12</sup>, one in every four children suffer from slow growth, one in every eight is underweight; 32.1 percent of children are diagnosed with dystrophy and 43.6 percent - with anemia and iron deficiency. Although numerous factors, such as number of children in a family, household income level, parents' education, weight at birth, etc may be at play, ensuring sufficient nutrition in daily food item is one of the most important ways to achieve the above goal and therefore, multiple policy actions must be taken to ensure that food we consume is safe and of good quality.

### 1.3. Best Practices from Elsewhere

Developed countries pay regular attention to food safety and quality and have developed numerous policies to ensure secure access to safe and good quality food. There policies can be grouped into three broad categories:

- A. *Creating an inspection and monitoring system that imposes quality control at all stages of a food supply chain starting from the producers<sup>13</sup> to the consumers:*

In the USA and Europe, a single federal/national government agency is responsible for registering and assessing safety of all food products, drugs/medicines and animal forage items. Existence of such an umbrella structure is conducive to effective and accountable functioning of the entire system. In the USA, the Food and Drug Administration (FDA) and its departments

<sup>11</sup> UN FAO recommends 2500kkal per day <http://www.fao.org/>

<sup>12</sup> MH, UNICEF. Situation of children and women in Mongolia

<sup>13</sup> Producer includes subjects involved in starting from purchase of raw material from supplier until semi- and full processing of food products.

are responsible for monitoring food safety and it is in charge of ensuring safety of all consumables, including drugs/medicines, food and water. United Kingdom of Great Britain and Northern Ireland has created a similar structure under the direct supervision of its Minister of Health. In Netherlands and Canada, Ministry of Agriculture is in charge of food safety inspection. Different countries have assigned this responsibility to different ministries based on their assumed importance of agricultural or health sectors in their countries. In Europe, this task is assigned to European Commission-affiliated EFSA (created in 2002). It is a very specific feature of EFSA that operates two types of special committees – professional and scientific committees - which produce evaluation of standards, and perform risk and safety assessment of new products.

Heads of the above-mentioned organizations assume a status of a national Surgeon General, a position that does not exist in Mongolia. Functions of the Ministry of Food and Agriculture of Mongolia are predominantly limited to domestic food supply (exception is domestic production of wheat and flour). The Ministry of Health, along with full responsibilities over drug supply issues, has been assigned a responsibility for producing guidelines and regulations aimed at ensuring that food is safe for consumption and is free of contaminants. However, this Ministry has no specific role in actual monitoring of food safety and quality; not it has any participation in the policy-making process in this area. Monitoring and inspection role has been fully and solely assigned to the State Professional Inspection Agency (SPIA). Due to such structural disconnect, when a power to set standards belongs to one ministry and a responsibility to monitor their implementation belongs to another agency, food safety and security of Mongolians has become an inter-sectoral issue, which has suffered lack of policy attention because of non-existing inter-ministerial coordination. At the end, food safety policy is fragmented along ministerial lines and there is no a specific government agency or official responsible for this important government function.

Developed countries elaborate their food policies to a great degree. There are legal documents each focusing on genetically modified food, on food import, on food supplements, on meat, milk, vegetables, fruits, eggs, drugs/medicines and many more issues. For EU member countries, the *Law on Food* of 2002 lays foundations for respective national systems. In case of the USA, the *Law on Bio-Terrorism* from 2002 contains detailed guidelines on

how to introduce imported food and drugs into American markets. FDA is in charge of ensuring safety and quality of US\$417 billion-worth domestic produce and US\$ 49 billion-worth imported consumables (data valid as of 2007). In November 2007, FDA launched its new food policy and introduced a new National Program on Food Safety.<sup>14</sup> The aim of this new policy<sup>15</sup> is to shift away from the very costly system of inspecting imported food at the border checkpoints and build a food safety inspection system which covers the entire food supply chain and which allows demanding responsibility for food quality from both the importing and exporting parties, and enables effective and efficient cooperation between government agencies in charge of food safety.

Legally, European Union and USA request the following detailed information when food or drug is being brought into the country:

- Name and registration number of the legal entity
- Official letter/request
- If necessary, risk assessment of the product using proven scientific methods
- Indication of a port of entry and transportation itinerary
- Date of entry
- Specification of the product packaging, labeling and security information
- Imported quantity/ volume
- Product sample
- Type of transportation device
- Copies of product certificates and product explanation note
- E-documents and application forms.

An analysis of these requirements shows that the inspectors are well-informed about origins and features of the product, conditions that the importer must fulfill and even transportation plans. All these aspects must be planned in advance; moreover, packaging and labeling should be specified in great details to prevent any accidental or purposeful replacement.

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<sup>14</sup> FDA - Food protection plan 2007

<sup>15</sup> <http://www.importsafety.gov/report/strategicframework/index.html#conclusion>

The above-mentioned countries, especially the USA, have managed to create a highly-effective system of ensuring food safety thanks to, in part, a high degree of compliance with food standards by domestic producers who supply overwhelming majority of consumed in the country and also a rich pool of technical resources and human capital available to use in this areas.

*B. Ensuring transparency and openness to secure effective collaboration and active participation of stakeholders in the decision-making<sup>16</sup>:*

In the USA and Europe, food quality policies are aim to prevent violations of prescribed food standards through advocacy, advertisement and recommendations, while at the same time monitoring adherence and compliance with the help of public active cooperation and participation. This collaboration creates conditions for holding the production, transportation and retail-sale businesses responsible for safety and quality of food they deliver to end-users and is also conducive to easy information flow to consumers, thus, helps enhance public knowledge and awareness. Products by businesses that have adopted ISO 9000 and ISO 14000 international standards, as well as GMP and GAP norms in their production system are welcomed as import items in many countries. Voluntary adoption of Hazard Analysis and Critical Control Points (HACCP) system is also known for its ability to increase competitive of the business. A more open and collaborative context helps to increase the amount of information reaching the public; and as a result of a greater public awareness and knowledge about international standards, there is increased public trust in businesses that subscribe to these standards.

A widespread adoption of electronic filing has strengthened and accelerated link between food inspection and the customs structures, and is accommodating and facilitating foreign trade growth by speeding up document processing. These countries only allow imported food to enter the country if the products carry local-language labeling. This requirement is one form of imposing responsibility and accountability on suppliers who must respect customers' right to make an informed decision based on true and unbiased information. Government food safety agencies are also involved in supporting this right by implementing public information and education programs on food safety.

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<sup>16</sup> Stakeholders are producers, sellers, customers/users and public.

*C. Alignment and coordination with the public health policies:*

Regular measurement of the impact of food policies on human health along an agreed set of indicators will help identify further improvements in existing policies and new direction for policy consideration. Mongolia is not used to doing policy impact assessment; lack of such assessment and evaluation efforts is most easily explained by lack of experience and shortage of technical and human resources.

Democratic countries that respect their citizens' right to live and right to health and secure these rights by protecting their freedom to seek and receive information have created a *Prevention, Intervention and Response* (PIR<sup>17</sup>) system designed to alert the population in cases of food-borne or biological hazards, or other epidemics and pandemics. Rapid information dissemination allows individuals to take timely measures to prevent oneself from infection thus limiting further spread of infection, and governments must implement immediate and rapid response measures.

The World Bank research demonstrated that developing and poor countries often lack technical and human resources necessary for ensuring food safety and quality. Against this backdrop, international experts recommend stronger multilateral cooperation, adoption of same or similar safety and quality standards across neighboring countries, decide and divide the areas of expertise between neighboring countries thus allowing complementarity of specializations and resource-sharing, and implementation of monitoring and surveillance of food-borne diseases in the country with the help of international projects and programs. Taking into consideration the limitedness of laboratories and human resources in less developed countries, for identification and measurement of agents, chemicals and toxic substances provoking food-borne diseases, it is recommendable to analyze and certify food products on basis of agreements concluded with international, regional and certified laboratories. In order to take profit of this opportunity, it urges to define standards and scale.

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<sup>17</sup> FDA Food protection plan - PIR – Prevention, Intervention, Response

## 2. SAFETY OF FOOD IMPORT IN MONGOLIA: LEGAL ENVIRONMENT AND MONITORING SYSTEM

### 2.1. Mongolian Food Safety Laws and Regulations

Mongolia has adopted a number of laws and national programs aimed at ensuring secure supply of safe and quality food to Mongolian population, including the *Concept of National Security, Food Law, Law on Standardization and Quality Assurance, Law on Standardization and Conformity Assessment, Law on Animal and Plant Inspection and Quarantine, Law on Modified Bio-organisms, Consumer Protection Law, and the National Program on Food Supply, Safety and Nutrition.*

**Table 3. Summary of legal documents related to food safety**

| Law   | Purpose of the Law   | Provisions related to ensuring food safety and quality   |
|---|--|--|
| Food Law  | Sets principles of food safety and security and regulates relations between the State, citizens, businesses and organizations arising in relation to food production and food-related services | Article 4 «Monitoring of food safety and monitoring system» stipulates that state inspection agencies and its inspectors make a state inspection system that will ensure food safety through inspection and monitoring                             |
| Law on Animal and Plant Inspection and Quarantine | Regulates relations arising from performing inspection and quarantine of plants and animals, animal and plant materials and products which are being taken into the country                    | This law requires that animal and plant products, including food items, must be inspected and their quality assessed at the port of entry. This law is the main legal document used by the customs officers and the state professional inspectors. |



|  |   |   |
|--|---|---|
| Law on Standardization and Quality Assurance     | Spells out legal bases of standardization and quality assurance services, standards and quality control procedure; regulates relations arising in this area between the State, citizens, businesses and organizations                   | This law assigns the responsibility for developing, enforcing, reviewing and monitoring of all standards exclusively to a single government agency in charge of standardization.  |
| Law on Standardization and Conformity Assessment | Spells out legal bases of standardization and conformity assessment; regulates relations between the State, citizens, businesses and organizations arising from its implementation  | This law assigns the responsibility for developing and enforcing conformity standards of imported goods to the government agency in charge of standardization, while the responsibility for inspecting and monitoring compliance with standards is assigned to the SPIA |
| Law on Modified Bio-organisms                    | Regulates relations between the State, citizens, businesses and organizations arising from production, use, import of modified bio-organisms (including genetically modified food) and ensuring bio-safety on the territory of Mongolia | The National Committee on Bio-Safety (created by the Minister of Environment) is charged with the responsibility to issue permission to import (genetically) modified food upon performing all due risk assessments   |
| Consumer Protection Law                          | Regulates protection of consumer rights and interests in the process of selling and purchasing goods, work and services   | All provisions of this law articulate food safety-related rights and responsibilities of the producers, sellers and state and non-government consumer protection organizations  |

Although there laws are foundational legal documents governing processes aimed at securing food safety, they are poorly aligned and lack consistency; moreover, some important issues have fallen into cracks between different regulations and are not addressed in any current policy document. Take, for example, *Law on Food*:

- The law defined the term *food safety* as a condition in which food item meets all required quality and hygiene norms. Having missed important concepts of food supply and availability this law - by definition - has failed

to address food safety issue in its complexity and has, instead, focused on separate aspects of it.

- This law does not mention any of the innovative but omnipresent impact of bio-engineering and biotechnology on food production (such as genetically modified food, food supplements or organic food); nor does it address modern-world quality standards such as GMP, HACCP, etc.
- Existing definition of roles and responsibilities of MFA and MOH - the government agencies which should play important roles in overseeing implementation of food safety standards –lack clarity and comprehensiveness. Completely missing are the roles of Ministry of Trade and Industry, SPIA and NCSM. Moreover, a task of implementing control over food hygiene and quality is not assigned to any specific agency or ministry.
- Article 12 of the law titled *A State System of Control over food safety* fails to see this system as a multi-stakeholder policy network but prefers to create a state “apparatus” vested with the responsibility to inspect, audit, impose fines and penalties.
- The law does not mention food quality and packaging/ labeling standards.

The *Law on Animal and Plant Inspection and Quarantine* regulates control and inspection of food import, and is the main legal document used by the border professional inspection departments (BPID). But this law cannot serve as a legal instrument limiting import of food by individuals for commercial purposes because it does not specify maximum amount of food any individual traveler can carry with him or her. In other countries, laws set the maximum amount of food and beverages travelers can carry for personal use only while crossing a country’s border.<sup>18</sup>

Most interestingly for this research, the two Mongolian laws have created a huge non-expert structure of on-border food inspection and customs control and have assigned this structure an exclusive responsibility for ensuring food quality without proper stakeholder involvement, thus limiting policymaking capacities and further rendering food quality assurance obsolete. In other

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<sup>18</sup> In USA and European Union, individual travelers are allowed to take 20kg of food items for personal use.

words, Mongolian laws do not address food safety issue comprehensively, and focus exclusively on defining functions and a structure of the government system and fail to address multi-stakeholder collaboration and partnership.

Nevertheless, the *Law on Modified Bio-organisms* from 2007 requires that genetically modified food, used worldwide in increasing amounts, should be admitted for import only if accompanied by bio-safety assessment papers issued by the Ministry of Nature and Environment. A requirement to undergo safety assessment well before the actual import arrives on the border checkpoint is a distinctive element of the pre-import monitoring system. Although we highly welcome pre-import assessment requirements as important initial step towards ensuring protection of population against bio-hazards, currently Mongolia does not have a single structure in charge of monitoring food safety (similar to FDA) and therefore it is feared that the food import certification process may turn into a complicated bureaucratic process full of hurdles and barriers. Countries like Mongolia with import-dependent food sector should attend to both protecting population from food-borne health risks by imposing strict control and at the same time allowing a non-bureaucratic and smooth food import process that motivate businesses interests in order to avoid food supply shortage.

Laws on *Standardization and Quality Assurance*, on *Standardization and Conformity Assessment*, and on *Hygiene* assign responsibilities for setting food quality standards, issuing conformity certificates and performing hygiene inspection to SPIA and BPID, but the legal provisions turn into mere statement of intent in the absence of laboratories technically and professionally capable of performing required standards-based tests. This fact points to a need to develop policies accorded with the existing real-life capacities because enactment of laws that cannot be implemented due to existing limitations may send a negative message to the public that laws can be not implemented.

Article 11.18 of the *Law on Standardization and Quality Assurance* describes responsibilities of the government agency in charge of standardization and certification as provision of paid or requested services, work and trainings to business and legal entities, and printing and sale of national standards. This definition turns the NCSM into a profit-making business entity rather than a public service agency. As a result, NCSC cannot distribute and popularize the national standards because it is legally charged with the responsibility to sell them.

## 2.2. Border registration and inspection system

Mongolia uses border and in-country system of assuring and inspecting food quality. In other words, food import is inspected after it left the exporting country and has arrived at the Mongolian border checkpoint. This solution limits the opportunities to conduct full and detailed inspection and thus cannot prevent sub-standard food items from entering into the country, creates opportunities for corruption and bureaucracy and contradicts with the WTO's international trade facilitation principles. Let us further explain these conclusions. During fieldwork conducted as a part of this policy analysis we saw long lines of trucks - many of them carrying food items - that had already left the country of export and were waiting for admission at the Mongolian border checkpoint. Majority of the trucks did not have proper protection from rain and dust, and carried food items on the open truckbed (see Image 2).

**Image 2. Zamiin-Uud border checkpoint**



In the interviews, individuals engaged in food import into Mongolia admitted that trucks often transport animal hides and metal scrap for recycling to China and come back to Mongolia with loads of food items including vegetables. It was quite clear that trucks used for transporting imported food can often be contaminated by residues of potentially diseases-borne non-food items they carried before. In short, there are good reasons to believe that food hygiene standards are violated during the transportation stage.

Interviews with inspection officers working at the border checkpoints and our own observations reveal that inspectors are able to spend only 5 to 10 minutes on any single vehicle crossing the border, a very short time not allowing detailed inspection of import items and thorough verification of applicable standards. This fact highlights an alarming shortage of crucial technical and human resources for implementing food safety inspections at these border checkpoints. Nevertheless, the professional inspection system and the customs system located at the same border checkpoint (in Zamiin-Uud) have their own – and separate - laboratories for examining food items. Along with economic inefficiency, existence of parallel (and duplicating) laboratory systems indicates lack of inter-sectoral policy alignment and coordination.

Interviewees are concerned that excessive workload at the border checkpoint, lack of possibility to implement proper inspection, and abundant visible violations (such as use of any random vehicle for food transportation) are creating conditions for bribery and corruption.

However, this does not mean that import items that have crossed the border are all allowed into the country. In accordance with their duties and responsibilities, border and inland professional inspectors and customs officers refuse to admit into the country, and sometimes even dispose of import items (including food) that are sub-standard or do not meet customs requirements. It is absolutely necessary that strict control of food quality and safety is exercised at the national borders, but the current system is holding only the Mongolian importing side as a sole bearer of all liabilities for all aspects of food import.

Interviews and observations completed during this research makes us to question the effectiveness of the current system of inspecting food quality and safety only at the border zone after when imported items had already left the country of origin. For many other countries, the main role of the border control and inspection function is to check authenticity and completeness of import authorization papers and only run random laboratory analysis of food samples when the inspectors feels necessary. The Mongolian border control and inspection system, however, performs not only the customs filing, but also completes the majority of work associate with assessing food quality and safety against the national hygiene and food quality standards. In

the Mongolian context, when food import is dominated by individual traders, information about origins of most food items are unknown, and violation of food standards may be overlooked or still pardoned upon payment of fines and penalties because the items have already arrived into the country, all responsibilities for ‘supplying’ sub-standard food to population falls on the shoulders of the SPIA and BPID, which is at least a very lopsided system. On the other hand, border checkpoints are struggling with excess workload and extremely low laboratory capacity and the level of national infrastructure development makes it difficult to meet the transportation and storage standards. At the end, the current system holds the Mongolian food importers solely responsible for quality and safety of food items.

### **2.3. Pre-import food inspection system**

Many countries in the world are relying on the pre-import food inspection system in when importing food from other countries. This is the system when the food import takes place after the importing and exporting parties enter into formal agreement to supply food that meets relevant standards of the importing country. The main stages of the food import process under this system are:

- First, professional agencies of importing and exporting countries agree on standards and quality requirements of imported food items;
- These standards and other relevant information is delivered by the government agencies to domestic food importing businesses, which, in turn, employ their regular market-based procedures to identify their international trade partners, negotiate conditions of food import and sign a contract;
- In accordance with agreed terms of partnership, the importing and exporting parties work together to obtain quality and safety certification based on laboratory analysis of food sample, and complete all other necessary documentation for food import and export;
- After the certificate of conformity and certificate of origins are obtained and all customs documentation is complete, businesses arrange for actual transportation of food items into Mongolia. The border control and inspection is limited to screening for authenticity and completeness

of papers, and electronic filing is effectively used in many countries. Laboratories located in these zones perform random check of food samples and case-based tests when needed;

- This system allows monitoring over all stages of food import, in-country transportation and storage until food reaches the end-customer;
- Packaging and labeling requirement, which is the part of the pre-import system, will also facilitate public monitoring of storage and sale conditions of food items after they reach the shops and markets. Consumers will be able to report irregularities and violations to SPIA and other inspectorates.

Every stage of food import process becomes more responsible and accountable as there is a trade partner whose responsibility is clearly stated: an exporting party is responsible for assuring quality of food it offers for export, and an importing domestic partner is responsible for safety and quality of food during in-country transportation and storage. Overall, the pre-import inspection system has been accepted in many countries in the world as an effective system of preventing possible food-borne hazards and securing food quality and safety.

According to article 16.7 of the Mongolian *Law on Standardization and Conformity Assessment*, authorized organizations of importing country should validate and accept Conformity Certificates issued by an exporting country. However, Mongolia has signed an agreement on mutual acceptance of conformity certificates with three countries only - the Russian Federation, Ukraine and China - but large amounts of food items are being imported from these countries by individual traders without any conformity certificates. When uncertified, often substandard food comes into Mongolia without any certificate of conformity and verifiable information of food origins, and the border inspection system arrests and/or destroys the merchandize, it is the Mongolian individuals and small companies who bear the economic loss and the international supplier of substandard items take no responsibility. Countries that have adopted the pre-import food inspection system also involve the food producers and supplies in taking part in ensuring food quality by imposing the following standards:

- *HACCP standards along with GMP and GAP regulations*

HACCP refers to a system of food quality control by introducing strict inspection at critical points of the food production process where hazards might happen and thus guaranteeing quality and safety of final products.

GMP and GAP are production-process norms established to make sure that the best practices in creating good production environment and management systems are being used, and that raw materials are ecological and not harmful for human health and that technologies and equipment are up-to-date and advanced.

- *Standardization and conformity certification of imported food*

An exporting party must observe relevant food standards and criteria of the importing country. For example, if products meet ISO-9001 and ISO-14001 standards its producer is manufacturing good quality items recognized by international standards. Conformity Certificate is granted if the import goods and items meet quality standards of the importing country or has a proof of quality issued by the internationally-recognized testing laboratory.

- *Labeling of imported food products*

Under the pre-import control system, importing and exporting parties agree on the packaging and labeling design including ingredients, expiry dates, storage and transportation requirements, security codes, etc and present this information to the border control authorities before the actual importing process takes place.

Adoption of the pre-import inspection system will result in improved monitoring and registration of food import, better possibilities to track food quality deterioration and contamination happened during storage and transportation, and will ultimately help reduce and further eliminate food import by individuals, facilitate international trade and hold both the importing and exporting parties responsible and accountable.



### 3. ACTIONS TOWARDS INSTITUTIONALIZING THE PRE-IMPORT FOOD MONITORING SYSTEM

#### 3.1. Systems comparison: border control versus pre-import monitoring

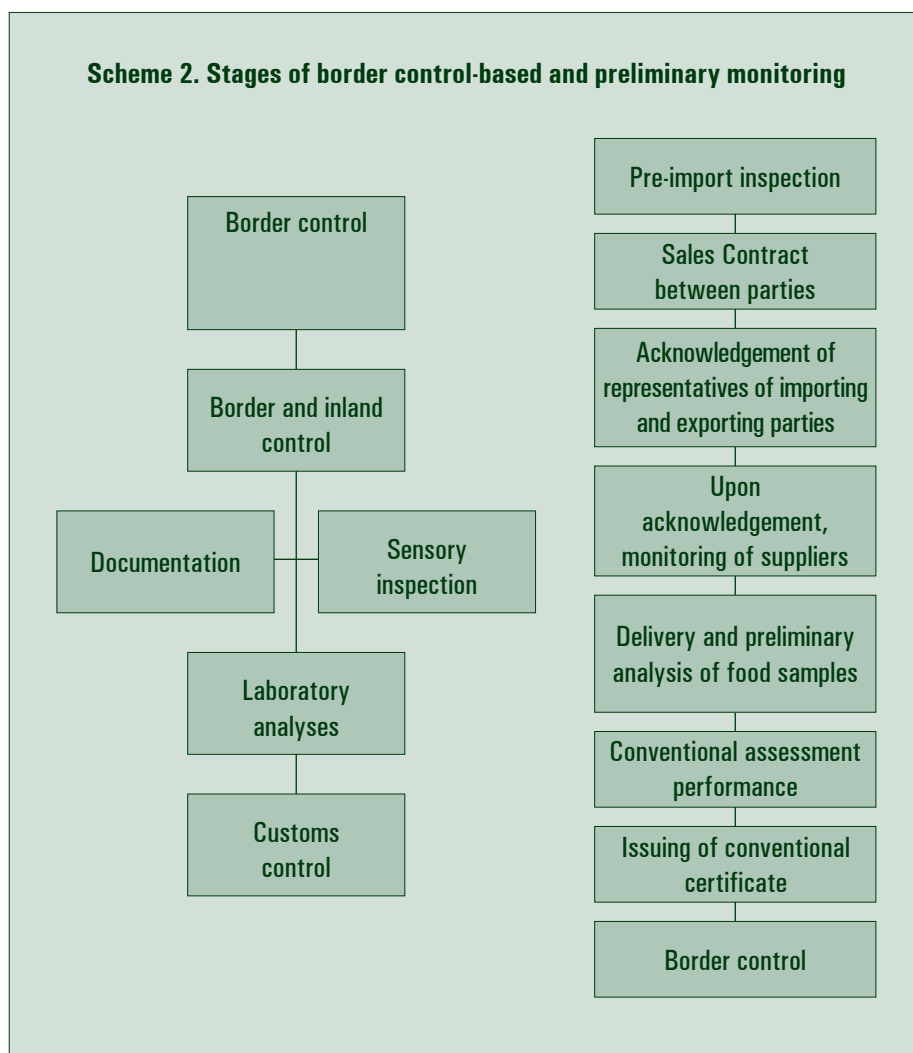
We have developed a set of criteria to be able to compare the current border control system and the pre-import inspection system.

**Cost efficiency.** The border control system requires considerable human resources and needs high technical and laboratory capacity, which increase the overall cost and make the inspection and monitoring procedure very costly. On the contrary, the pre-inspection system brings down the cost of inspecting because it will only look to verify authenticity and completeness of papers, including certificates of conformity. People engaged in food import and transportation businesses also find the current system expensive and, moreover, susceptible to corruption and possibly contributing to expansion of the informal economic sector as it aims to assess the quality and safety of food items that have already entered the country. In order to ensure food safety border control system requires creating expensive and technically advanced laboratories in all border checkpoints while the pre-import system gives plenty of opportunity to share costs of inspection by further developing international, regional and bi-lateral cooperation and aid relations. For example, alignment of food standards with neighboring countries makes it possible to use laboratory capacities in these countries to run conformity tests.

**Effectiveness.** Border control system is susceptible to excess bureaucratization which may deviate from internationally-favored trade facilitation trends and weaken public trust in the government services. Pre-import system, on the other hand, is better suited to facilitate international trade and has a very obvious advantage of creating control along the entire food supply chain starting from producers and supplier registration until it reaches the supermarket shelves. Under the border control system, food items assessed as sub-standard as a result of quality and safety inspection will be arrested or

destroyed incurring economic loss on the Mongolian imported or may spark off a desire to give or give bribes. Pre-import system imposes responsibility and accountability on both the importer and exporter preventing any attempts to bring sub-standard food into the country, and will indirectly contribute to fair competition and better business environment. And lastly, pre-import system will help limit and further eliminate an unregulated nature of food import markets of Mongolia where small but numerous retail traders and individuals dominate.

**Scheme 2. Stages of border control-based and preliminary monitoring**



**Feasibility.** During the times of economic transition Mongolia focused almost exclusively on food supply and the national policy on food safety and quality has remained a marginal policy issue since then. Now that the economic transition is over, living standards of the population is improving and national economy is growing, there is significant public expectation and political will to create a better food inspection system – pre-import inspection system in this case - to guarantee safety and quality of food we consume. Therefore, in order to fully implement the pre-import inspection system, government will need to introduce legal changes in the related laws, and carefully plan actual stages, timeframe and costs of transition.

### 3.2. Public monitoring and participation mechanisms

In countries with extensive market economy experience, food producers and suppliers have a strong sense of respect of consumer rights, which actually means they have accepted it as an ethical norm to be accountable to their customers. Mongolian producers, importers and the general public have a rather little notion and understanding of these types of relations and this situation can be improved by intensifying information flow and providing training to build skills and knowledge. Article 16 of the *Food Law* requires that “citizens and NGOs monitor food safety and quality and alert respective state officials and the public about violations”. Public participation in monitoring food safety will help reduce overall cost of monitoring food safety and better assure quality of food items, and in order to motivate public participation Mongolia should prioritize consumer education, enforcement of a legally required Mongolian-language labeling of imported products and admission of imports only if they are labeled in Mongolian language, sale of food items only through formal selling points, etc.

Article 9.5 of the law on the non-for-profit sector permits transfer of some government functions to non-governmental organizations (NGOs). Accordingly, engaging non-for-profit professional associations (such as Mongolian Union of Food Professionals and Mongolian Consumer Association) in organizing public information and education campaigns, creating an information open source, supporting NGOs in monitoring food safety may become an efficient and effective way of approaching and engaging stakeholders in this area, as demonstrated by international experience.

## 4. CONCLUSIONS

Based on our research and analysis of food safety and quality situation and needs in Mongolia, we conclude:

- Independent researcher, experts and international organizations has assessed Mongolia as **dependent on import** in terms of food supply and as **unable to exercise control** in terms of food quality and safety. Significant increase of food import volumes in recent years has not been accompanied by any improvement of quality and hygiene of food items, and given increased rate of food-related diseases these qualities may be even worsening. Although a lack of comprehensive research on food safety and quality is an important obstacle, increase of food-related diseases makes it possible to claim that **lack of control over food safety** has become such a serious issue that it may even pose some **threat to the national security**. Further impact of this situation on the national genetic fund should also be considered, however undetectable this impact is at this moment. China, the main supplier of food to Mongolia, is itself one of the countries with food shortage and is characterized as high-risk country in terms food safety due to possible high level of contamination of food with chemicals and heavy metal residue. Thus, domestic researchers agree that Mongolia should promptly adopt a comprehensive policy of intensifying domestic food production, known to be ecological and organic) by supporting small and medium businesses. But although the solution of supporting domestic food and agriculture production for better control over safety and quality of food dominates all public and policy discussions, it is not possible to drastically reduce food import volumes in just 2 or 3 years given current reality where about 70 percent of annual food consumption is supplied form outside Mongolia. It is clear that food import will remain an important source of food supply for Mongolia and therefore Mongolia will persistently face a need for effective system of monitoring food import and ensuring quality and safety of imported food items.

- Existing food safety laws and regulations of Mongolia fail to address many emerging and new issues and lack consistency and alignment. For example, *Food Law* does not offer any regulation concerning new developments that are rapidly taking over the global food markets: genetically modified food products, food supplements, organic food, etc.

Also, because the Mongolian laws do not require a creation of a stand-alone central agency in charge of developing and enforcing food safety policies, currently the Ministry of Food and Agriculture (MFA) is mainly focusing on the domestic agricultural sector, the Ministry of Health (MOH) is limiting its presence in this area by merely issuing recommendations and guidelines, and SPIA and BPID are expected to monitor conformity with standards. Such departmentalization and fragmentation of food safety function results in lack of policy coordination and accountability in this sector, and Mongolian laws and regulations, in strike contrast with situation in other countries with strong food safety regulations, fail to emphasize the goal of protecting human health.

- In terms of control over food safety, Mongolia has a system of inspecting food import after the load had left the country of origin and entered into Mongolia. A decade of operating this system has shown that it is not capable of guaranteeing quality and safety of imported food items. On the other hand, the current professional inspection system is generally a 'non-professional' system of bureaucrats, the main function of which is limited to issuing fines and penalties and where border checkpoint-based professional inspection departments have a very limited and weak coordination with the customs system at the same checkpoint. For example, maintaining separate but functionally duplicating laboratories under the professional inspection and customs systems are in fact a waste of public resources.
- There is a need to adopt a pre-import inspection system, which requires domestic food importers establish partnership with foreign exporters and manufacturers and sign a contract to be able import food into the country. It is concerning that the professional inspection system which should be responsible for verifying authenticity and completeness of papers and documents, are currently 'implement' food safety and quality assurance by inspecting import food items and by imposing fines and penalties, which is clearly not an effective way to ensure food safety, not an international trade facilitation measure. In this context, development of food standards, which is an essential element of the pre-import inspection system, should be intensified. It would serve

Mongolia's interests if it mobilizes international and regional support and cooperation to develop and adopt food standards similar to those of countries from which it exports food. In addition, Mongolia should adopt a policy of admitting import food items through the national borders based of the conformity certificates and import/ export contracts. All these measures will help substantially decrease workload at the border zones and create better conditions for international trade facilitation. Because Mongolia has a limited or no technical and human capacity for highly elaborate and advanced laboratory work required to assessing conformity with food standards, Mongolia should look for ways to create opportunities to use existing laboratory capacities on the regional and international levels.

- Dominance of small businesses and private vendors on the food import market makes it difficult to control, and, thus, one of the factors contributing to low quality of imported food. Because the relevant Mongolian laws (for example, *Law on Animal and Plant Inspection and Quarantine*) does not specify maximum amount of food any individual traveler can carry with him or her, and, therefore, there is no legal ground for limiting or restricting individual retail traders from bringing food for further sale. In addition, there is no government policy of offering economic incentives, such as tax reduction or government subsidy, to attract large businesses into the business of importing food items that meet safety and quality standards.
- Due to lack of proper control and inspection, imported food items coming into Mongolia commonly have very poor packaging and their transportation and storage conditions do not meet relevant standards, which creates conditions for letting food products with shelf life into retails sale.
- A legal requirement to have all products, especially food items, carry Mongolian-language labels is often violated. Besides ingredients and components of specific a food item, labels on the food packages are used to facilitate consumer monitoring of storage dates and conditions. Therefore, enforcement of a Mongolian-language labeling, along with consumer and corporate education, constitute an important factor contributing to improved food safety and quality..

And finally, we would like to repeat an earlier observation that Mongolia urgently needs research and assessment of the state of food safety in the country for further policy work.

## 5. RECOMMENDATIONS

In order to adopt pre-import food inspection system in Mongolia, the following actions are recommended:

### **Recommended changes in related laws and regulations:**

- Based on international good practices, to adopt a legislation creating and regulating functions of Food and Drug Monitoring Agency under the supervision of the MOH and make necessary amendments in the *Food Law*, *Law on Standardization and Quality Assurance*, *Law on Animal and Plant Inspection and Quarantine*;
- Formally define important roles and functions of the MOH in the provision of food safety and quality in all relevant laws, especially in the *Food Law* (currently under revision) and legally re-assign the position of the country Surgeon General' to the Minister of Health;
- To formally introduce in relevant laws new developments of the food industry such as *genetically modified food*, *food supplements*, *organic food*, and *HACCP, GMP, GAP systems*;
- To add special chapters on food safety, food security and risk assessment<sup>19</sup> the *Food Law*; amend Article 4 of the same law on *Food Safety Inspection* and other laws and regulations dealing with the issues of international trade to facilitate pre-import inspection system;
- To amend the *Law on Animal and Plant Inspection and Quarantine* with a article specifying maximum amount and volume of food products individual travelers can carry with them when crossing the national borders;

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<sup>19</sup> Examples can be found in the European Union's food laws.

- To amend relevant laws (such as the *Customs Tariffs Law*) to offer criteria-based tax reduction and other economic incentives to businesses importing food items that meet national food safety and quality standards;
- To amend relevant laws and regulations with specific provisions supporting participation of professional associations and non-government organizations in monitoring food safety;
- To eliminate Article 11.18 of the *Law on Standardization and Metrology*, which requires the NCSM to print and sell national standards, and make all national standards openly accessible to manufacturers and the public through internet and websites, following international practices.

### **Recommendations for improving the government actions**

- To assign the Public Health Institute with formal responsibility of developing and planning the implementation of national strategies and delivering information to stakeholders, and introduce relevant structural changes for better facilitating this responsibility;
- To introduce necessary legal changes in order to be able to replace the current border inspection system with pre-import system that allows contract-based import of food items and imposes responsibility on the manufacturer, exporter and importer of food;
- To provide policy support for mainstreaming electronic filing of customs documentation and food inspection papers, which constitute an important element of the pre-import system;
- To agree with the neighboring countries and other food exporting partners of Mongolia on aligning food standards, and sign a formal agreement with them about allowing food items through Mongolian border checkpoints of food items that have undergone required pre-import control procedures;
- Although the pre-import system will inevitably limit the practice of individuals importing food items with the purpose of further retail trade, government must introduce policies of restricting such trade networks and simultaneously offer economic incentives motivate a small number of non-monopolistic large businesses to competitively engage in contract-based food import so that there are better opportunities for imposing accountability on this market.



**Recommendations about imposing food safety and packaging/labeling standards:**

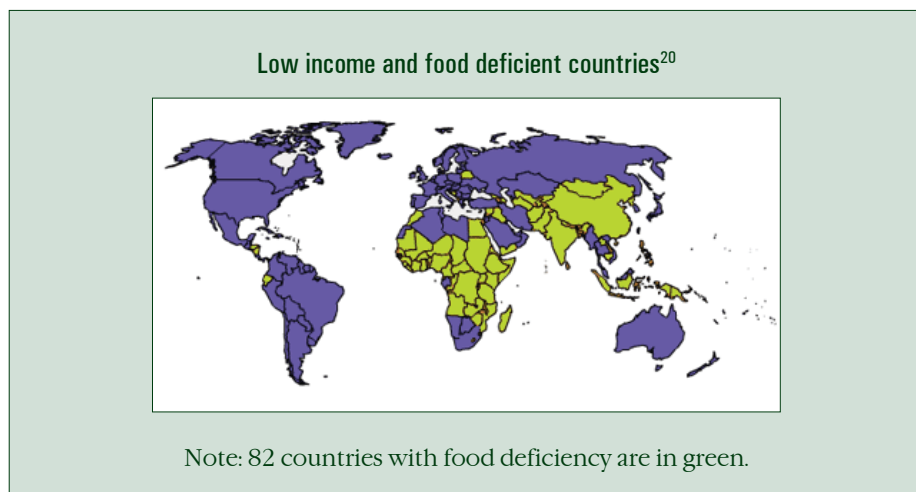
- To agree on alignment of food safety and labeling standards with neighboring countries and other food importing partner countries;
- Because Mongolia's limited technical and human resources makes it inefficient, and possibly even impossible to create and maintain sophisticated food laboratories in all border check-points, to create a unified, independent high-tech food laboratory to complete tests in advance according to the pre-import arrangements or make it possible for high-cost tests to be completed by certified international or regional food laboratories;
- To strictly impose a requirement to supply all imported food items with Mongolian-language labeling to all food manufacturers and importers, and require that only items meeting this requirement cross the national borders.

**Recommendations for improving public and NGOs participation in monitoring food safety**

- In compliance with the law on the non-for-profit sector, to support and mobilize professional associations to actively engage in delivery of public and stakeholder information and education programs;
- To create incentive mechanisms supporting participation of the public and NGOs in monitoring food safety;
- To amend laws and regulations related to the functions and procedures of the professional inspection system to formalize systems of receiving food safety-related complaints and information from the citizens and stakeholders, of inspecting these complaints and of providing feedback about actions taken to the general public and the informants through official letters and mass media.

## 6. ANNEXES

### Annex 1. Food supply



### Import of some food products<sup>21</sup>

| #  | Name                                      | 1990 | 2002  | 2003 | 2004  | 2005  |
|----|---|------|-------|------|-------|-------|
| 1. | Grains /thousands t/                      | -    | 139,2 | 61,5 | 114,9 | 97,5  |
| 2. | Flour /thousands t/                       | 27,7 | 96,9  | 75,2 | 79,3  | 103,9 |
| 3. | Potato and other vegetables /thousands t/ | -    | 41,4  | 30,4 | 32,4  | 28,1  |
| 4. | Sour cream /t/                            | -    | 18,6  | 55,5 | 5,0   | 8,4   |

Mongolia imports 70 percent of grain, 30-50 percent of potato and other vegetables, 70-80 percent of eggs and chicken, and almost 100 percent of fruits and oil consumed by the population.

<sup>20</sup> FAO - Low-Income and Food-Deficit Countries, <http://www.fao.org/countryprofiles/lifdc.asp?lang=en>

<sup>21</sup> Source: NSD

Back in 1990s, domestic agricultural production used to supply 100 percent of grain, potato and vegetables, and dairy products, and even used to produce some food products for export.

## Annex 2. Mongolia's international trade volume<sup>22</sup>

| Type of trade   | 2002<br>/US\$mIn/ | 2002<br>/US\$mIn/ | 2002<br>/US\$mIn/ | 2002<br>/US\$mIn/ |
|---|-------------------|-------------------|-------------------|-------------------|
| Net export volume   | 524,0             | 615,9             | 869,7             | 1542,8            |
| Volume of export in food supply<br>of animal- and plant origin and<br>manufactured food | 32,0<br>/6,1%/    | 23,9<br>/3,9%/    | 25<br>/2,9%/      | 36,8<br>/2,4%/    |
| Net import volume   | 690,7             | 801,7             | 1021,1            | 1485,6            |
| Volume of import in food supply<br>of animal- and plant origin and<br>manufactured food | 129,5<br>/18,7%/  | 115,6<br>/14,4%/  | 159,4<br>/15,6%/  | 180,0<br>/12,1%/  |
|   | 2002              | 2003              | 2004              | 2006              |
| Export declarations   | 20472             | 35501             | 62570             | 35293             |
| Import declarations   | 59007             | 64724             | 73412             | 96477             |

As of September of 2007, net export volume reached US\$1.299,6 million, which exceeds September 2006 volume by US\$ 219.4 million. Net import volume of the same period reached US\$ 1.462,1 million, which exceeds US\$ 2006 situation by 394.2 million (36.9 percent). Of this, food items of animal and plant origin and manufactured food makes up about US\$ 166.5 million (11.4 percent) of import.

<sup>22</sup> National Customs General Agency. International trade statistics for September 2002-2007

### Annex 3. Some results of food import monitoring

In recent years, Mongolia has imported on average 500 thousands tons of food per annum, about 40 percent of which has undergone inspection by SPIA, which assessed 7.8 percent of inspected food as “substandard”. Food import arrived into Mongolia through 23 international and local border zones and 14 inland admission points in Ulaanbaatar, staffed by over 150 inspectors of SPIA and BPIA. Between 2003 and 2005, responsible agencies processed import declarations for over 640 products of animal origins and for 2912 products of plant origins and by 2005 SPIA and BPIA have inspected safety and hygiene conditions of over 16500 business entities.

The 2006 joint research by MFA, MOH and Public Health Institute involving food retail businesses of Ulaanbaatar city (55.6% of all products were domestic and 44.4% imported) revealed some concerning findings.<sup>23</sup>

Below is some data related to food storage, sale, transportation and hygiene:

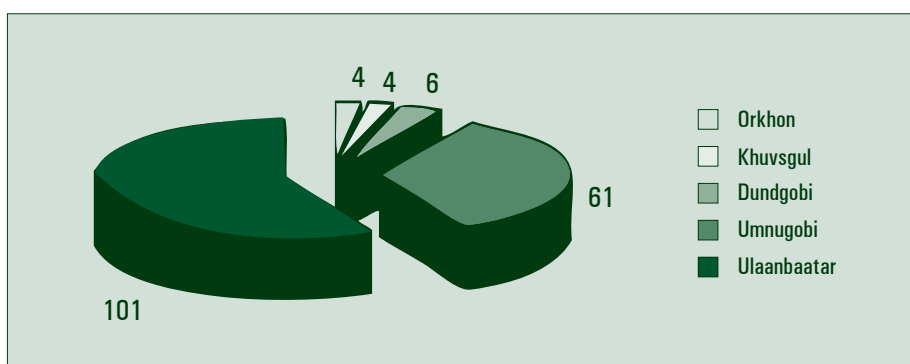
| Violations of food standards   | Percentage |
|--|------------|
| Commercial entities without storage facilities                                     | 44,5%      |
| Environment conducive to food contamination risk                                   | 29,1%      |
| Food products transported in inappropriate vehicle                                 | 71,1%      |
| No data of shelf life on packages  | 69,7%      |
| Bacterial contamination  | 17,4%      |
| Chemical contamination   | 20,5       |
| Food originating from China with lead residue exceeding the accepted maximum level | 38,6%      |

<sup>23</sup> MFA and PHRI – Research on food pollution level, 2006

## Annex 4. Food-borne infections

In 2006, 36221 cases of 27 types of acute infectious diseases were registered in the country, which constitutes an increase by 3389 cases (12.4 promile) than the previous year and by 3321 cases than the average level of five previous years. Registered were 7782 cases of dysentery, food poisoning caused by food-borne bacteria (176 cases or 0.7 percent in 10000 people), salmonellosis, typhus, diarrhea, hepatitis A and other infections, which makes up 21.5 percent of total infections.<sup>24</sup> Of this, hepatitis A increased by 322, dysentery – by 38, food poisoning caused by food-borne bacteria increased by 24 and salmonellosis increased by 13 cases.

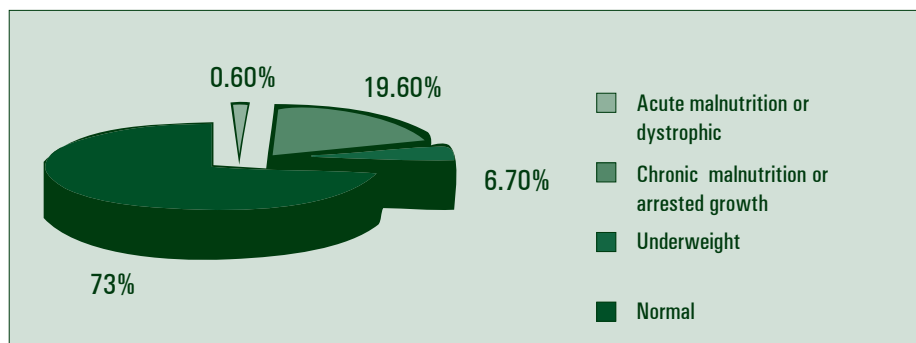
Registered cases of food poisoning caused by food-borne bacteria



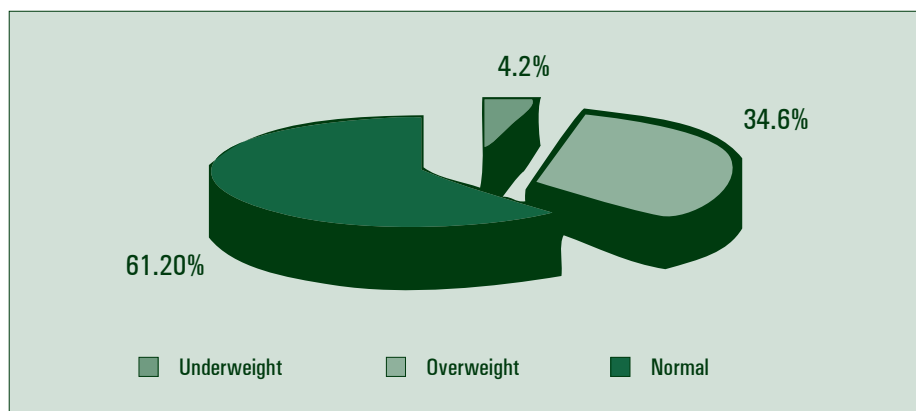
<sup>24</sup> “Health indicators - 2006” brochure published by MH and NCHD

## Annex 5. Malnutrition of children aged 6 month to 5<sup>25</sup>

(2004)



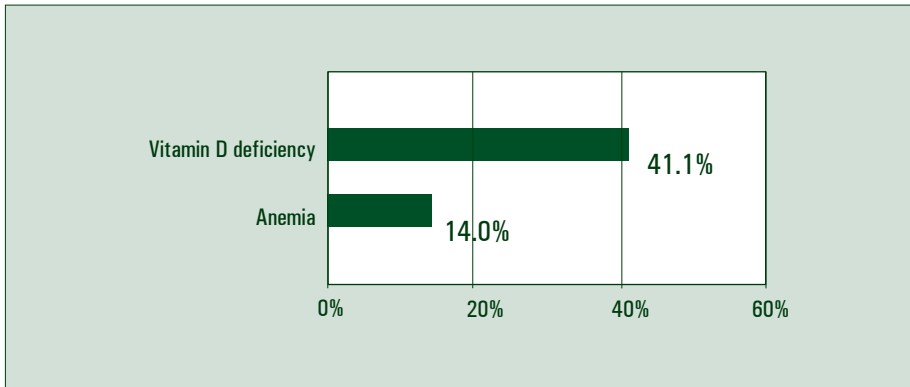
## Annex 6. Malnutrition of non-pregnant women aged 15-49



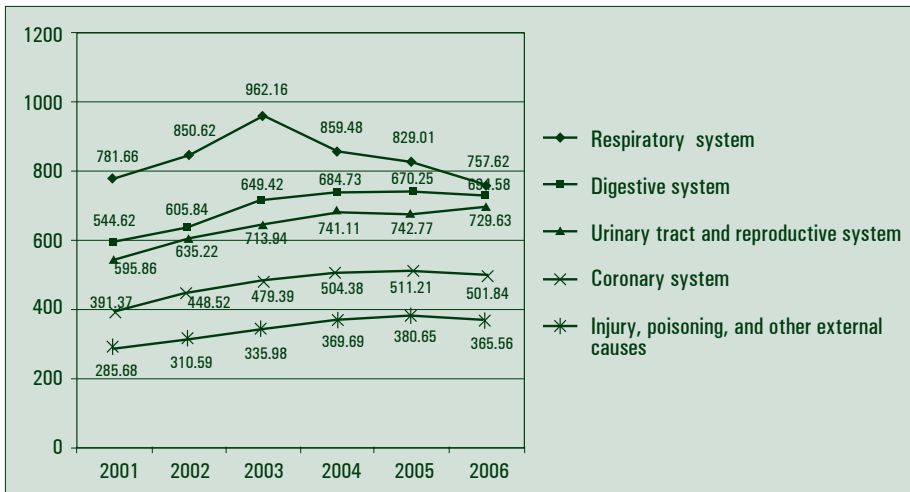
Between 1999 and 2004, a number of underweight women decreased twice, but a number of overweight women increased 1.8 times. Research indicates high percentage of deficiency in vitamin deficiency (A and D), iron and folic acid in women of reproductive age.

<sup>25</sup> Source: PHRI research on “Food and alimentation of children and women in Mongolia”.

## Annex 7. Anemia and vitamin D deficiency among women aged 15-49

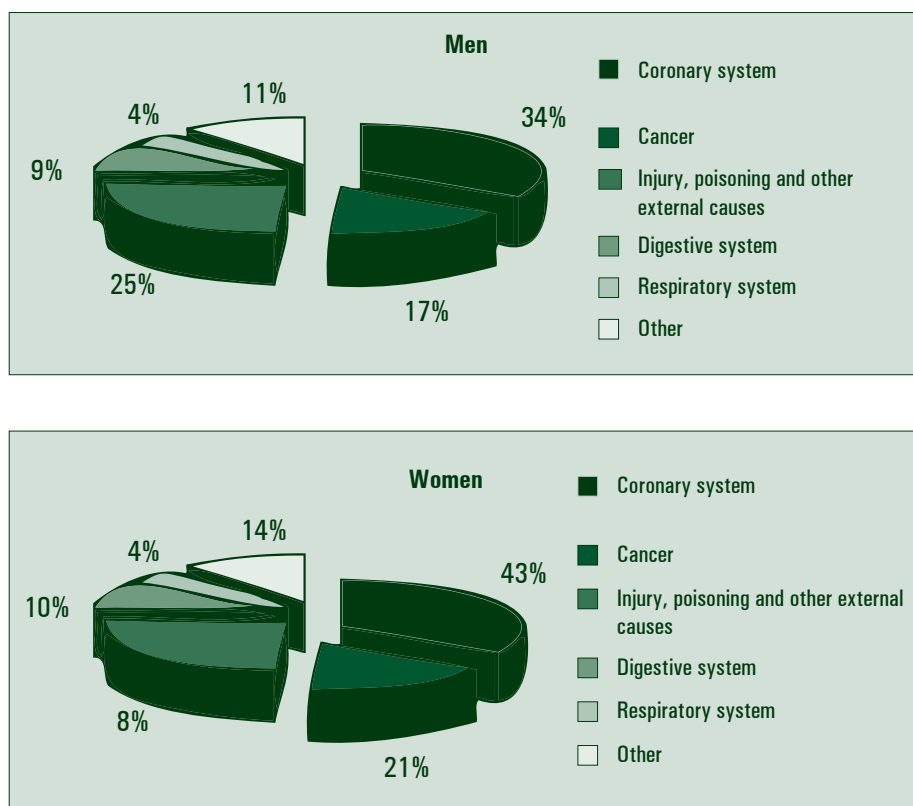


## Annex 8. Five leading diseases (2001-2006)<sup>26</sup>



<sup>26</sup> Source: Annual report of NCHD, 2006.

## Annex 9. Causes of death, by sex (Year 2006)<sup>27</sup>



Since 1995, coronary diseases, cancer and injuries have increasingly been registered as a leading cause of death among Mongolians, and each year a number of death caused by this diseases are increasing.

In 2006, 38.4 percent of deaths was associated with coronary diseases, 18.5 percent with cancer, and another 18.2 percent by injuries, poisoning and other external factors. On average, annually one in every three (5500-6000 people) dies from coronary diseases, one in every five (2800-3000 people) from cancer, or externally induced injuries or poisoning.

<sup>27</sup> Source: Annual report of NCHD, 2006

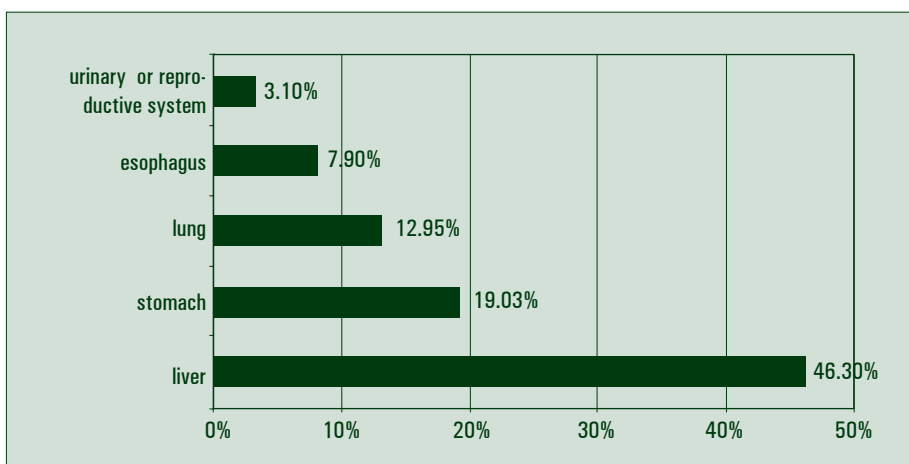


## Annex 10. Deaths caused by cancer<sup>28</sup>

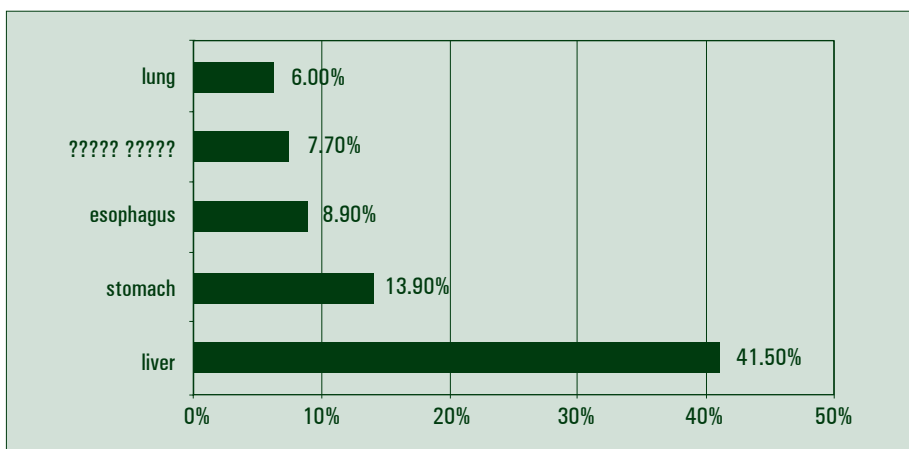
In the last decade cancer has persistently been the second leading cause of death in Mongolia.

In 2006, 12.49 people per 10,000 men and 9.64 people per 10,000 women died of cancer.

Cancer-related deaths in men (% , 2006)



Cancer-related deaths in women (% ,2006)



<sup>28</sup> Source: Annual report of NCHD, 2006

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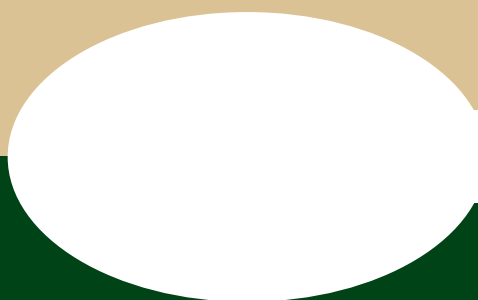
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